



United States
Department of
Agriculture

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Office of the Chief
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THROUGH: John Williams
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NOV 18 2004

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Deputy Chief for Management
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FROM: Scott Charbo
Chief Information Officer

SUBJECT: Memorandum of Understanding (MOU) between Farm Service
Agency, Rural Development, Natural Resources Conservation
Service, and the Office of the Chief Information Officer (OCIO)
Information Technology Services (ITS)

Attached is the MOU between the Service Center Agencies (SCA) and the OCIO for your approval. The MOU outlines basic agreements needed for ITS and the SCA to successfully work together, especially during the initial transition period. It covers items such as space, vehicle usage, incidental supplies, etc. It was developed by a working group of Agency representatives, appointed by the Agency DAMs, and OCIO staff.

The transfer of functions and the establishment of ITS is scheduled for November 28, 2004 and we are seeking approval of this document by Friday November 26, 2004. I look forward to working with you as we initiate this new customer service-focused organization.

Transfer of Functions and Resources Memorandum of Understanding (MOU)

RELATING TO THE TRANSITION OF PERSONNEL, RESOURCES,
AND ADMINISTRATIVE CAPACITIES

From

UNITED STATES DEPARTMENT OF AGRICULTURE

AGENCY ADMINISTRATORS FOR:

FARM SERVICE AGENCY

NATURAL RESOURCES CONSERVATION SERVICE

&

RURAL DEVELOPMENT

To

THE INFORMATION TECHNOLOGY SERVICES

WITHIN THE

OFFICE OF THE CHIEF INFORMATION OFFICER

This Memorandum of Understanding is made and entered into among the United States Department of Agriculture (USDA) Service Center Agencies (SCA), consisting of the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and Rural Development (RD), and the USDA Office of the Chief Information Officer (OCIO), pursuant to the Incidental Transfer Agreement (ITA) and pursuant to the Secretary's letter to the Office of Management and Budget (OMB), dated July 23, 2002, to create Information Technology Services (ITS), a common information technology (IT) infrastructure management organization within OCIO, to uniformly manage the IT infrastructure for the SCA.

Background

In October, 2004, the USDA approved an ITA for the Transfer of Functions (TOF) from the SCA to ITS. This ITA transferred personnel, authorities, responsibilities, resources, and functions for information technology (IT) infrastructure management and service delivery from the Service Center Agencies (SCA) to Information Technology Services (ITS) within the Office of the Chief Information Officer (OCIO) and established a framework for service delivery to the SCA from ITS. ITS will be funded by the existing appropriations of the SCA and the Department's Common Computing Environment (CCE) appropriation.

Authority

Authority to implement this Memorandum of Understanding (MOU) is provided by USDA Directive 1010, Reorganization Proposal, signed on November 10, 2004, which approved the establishment of the ITS organization and transfer of IT infrastructure management and service delivery functions and facilities from the SCA to the OCIO.

Day One, the first day of ITS operations shall be on the first day of a pay period, and not less than one full pay period following the date on which the USDA Directive 1010, Reorganization Proposal, is approved.

Purpose

This MOU supplements the ITA by documenting agreements between the SCA and ITS/OCIO that define the details of how selected resources and responsibilities will be transferred to ITS, and how ITS and the SCA will collaboratively share financial and operational responsibilities to continue day to day operations during a transitional period.

As specified in the ITA, the functions of ITS encompass:

- Customer Support – ITS will manage daily operational support for the infrastructure based on a framework for improved customer service. This will be achieved through the development of an enhanced helpdesk model that will provide a single and immediate first point of contact. Using remote technology and a tiered service level protocol, ITS will be able to provide continuing improvements in customer service.
- Infrastructure Governance –ITS will maintain tight control of any infrastructure alterations to ensure the integrity, long-term viability, and security of the IT infrastructure. Governance and control will be achieved through the adoption of industry best practices and the development of policies and procedures that provide thorough oversight and planning for all changes to the infrastructure.
- Infrastructure Operations –ITS will implement processes to monitor the day-to-day procedures of operating, maintaining, and managing the ITS infrastructure. This will ensure that changes to any of the operational components of ITS are tested and controlled by a well-defined change management process.

- Technical Support –ITS will provide technical support to its customers as well as manage the activities of all support personnel in ITS: the primary responsibility is to respond to incidents as well as respond to customer requests for service or information.

ITS will assume formal responsibility for these functions on Day One. But, since the establishment of ITS will require significant organizational and operational changes which have yet to be determined and defined, the SCA and OCIO have agreed that the SCA will continue to perform some of these functions on behalf of ITS, and will provide limited administrative and technical support for ITS on an interim basis during a transitional period. This transitional period is intended to ensure that agency operations continue to be supported without interruption while simultaneously facilitating a seamless period for planning and transition of IT management and service authorities, responsibilities, procurements, and functions from the SCA to ITS.

This MOU specifies terms of agreement between ITS and the SCA in the following categories:

Terms of Agreement I	Personnel Transition,, Security, and IT privileges
Terms of Agreement II	Funding, Cost Analysis, and Periodic Review, Service Line Agreement
Terms of Agreement III	Office Space, Office Property and Supplies, Vehicles, and Records Administration
Terms of Agreement IV	Equipment Inventory, Continuity of Service and Support for Contracts, Procurement, and Miscellaneous Technology
Terms of Agreement V	Periodic Review, Amendment, and Termination of MOU
Terms of Agreement VI	Other Provisions

Definitions

For the purposes of this MOU:

- The Service Center Agencies (FSA, NCRS, and RD) will be collectively referred to as **SCA**
- Information Technology Services will be referred to as **ITS**
- The first day of ITS operations will be referred to as “**Day One.**”
- The **ITS Board of Directors**, consisting of the USDA CIO, the agency heads for the SCA, and the Associate CIO for ITS, sets priorities and performance metrics, reviews and approves the ITS budget, and reviews operational success. The ITS Board of Directors may also solicit information and guidance from appropriate representatives from the SCA businesses, employee associations, IT organizations and state leaders.

The ITS Board of Directors shall also have the authority to resolve disputes and issues resolving the execution of this MOU among the parties to this agreement.

- The **IT Advisory Board**, consisting of agency CIO's and one state leader from each agency, will provide input and review investments and policy decisions on a routine basis. They will also ensure alignment with overall priorities and direction, coordinate infrastructure and application development activities, serve as the agencies' customer advocates and develop recommendations and identify issues to be addressed by the Board of Directors.
- **Information technology (IT)** infrastructure is defined as the IT delivery capabilities and its related support, including IT platforms, networks and IT equipment as well as related operation and maintenance support contracts and the responsibility for inventory, maintenance, and management of these resources.

Transitional Courtesy

Every effort has been made to be comprehensive in planning for IT Convergence, but, it is inevitable that some issues have been overlooked. Because of limitations in the TOF process, some personnel with knowledge essential to perform IT infrastructure functions may not have been transferred to ITS. In other cases, persons transferring to ITS may still be needed to perform SCA functions on Day One. It is important that all parties to this agreement exercise transitional courtesy by providing whatever additional support is needed during this period. It is equally important that any services performed by ITS personnel to support SCA functions be accurately recorded and that any services performed by SCA personnel to support ITS functions be accurately recorded so that the needs of each organization can be addressed.

All parties to this agreement agree to work cooperatively through the transition period to ensure that ITS and each of the partner agencies develops sufficient internal capabilities and staffing to autonomously perform its designated functions.

Terms of Agreement I

Personnel Transition, Security, and IT privileges

A. Personnel Transition

Personnel Records

All personnel records for transferring personnel must be received by the Bureau of Public Debt (BPD) no later than the Friday following the effective date of convergence (the first Friday of the ITS pay period). For example, if Day One is on November 28; the first Friday will be December 3 2004. The BPD Address to which records shall be sent is:

PPLB, HROD, 2nd Floor, Avery, Bureau of Public Debt, 200 Third Street,

Parkersburg, WV 26101

(Attention Ginny Towe, Phone: 304-480-8278)

Leave

SCA shall conduct a Leave Audit for all transferring personnel prior to convergence. Discrepancies shall be corrected by SCA when possible before personnel are transferred to ITS.

ITS will make every effort to honor reasonable leave requests that have been pre-approved by SCA supervisors, subject to workload balancing requirements and subject to any collective bargaining agreements that are in effect for transferring employees. ITS will work with employees on a case-by-case basis to restore any leave that is lost because of ITS year-end workload balancing requirements.

Issues involving individual compensation time and time off awards will be resolved between transferring employees and their SCA. Credit hours and restored leave should roll over to ITS. ITS will not honor residual compensation time or time-off awards owed to transferring personnel at the time of convergence.

Awards

Performance Awards and other awards based on FY2004 performance are the financial responsibility of the SCA. In the event that such awards cannot be processed by SCA before convergence, these awards will be processed by BPD after transfer and the reimbursable agreement of the responsible partner agency will be debited and charged accordingly.

Grievances and Equal Employment Opportunity (EEO) Complaints.

Responsibility for processing any EEO complaints arising before the effective date of the Transfer of Function will fall to the SCA. Grievances filed after the TOF will be managed by ITS. Financial liability determination for grievances or EEO complaints arising within SCA will be addressed between ITS and the particular SCA on a case by case basis.

Training.

SCA should cancel any training that has been previously scheduled by SCA, and has not yet been paid for, for personnel that are transferring to ITS. Training that has already been paid for by the SCA will be allowed, subject to ITS resource constraints.

Transferred personnel may resubmit training requests to ITS. Exceptions will be made on a case-by-case basis.

B. Security and Uninterrupted IT Privileges

The intention of this section is to ensure that confidentiality, integrity, and availability of resources will be maintained throughout the transition.

An inherent part of the smooth transfer of personnel and functions is the continuity of employee security clearances, identification (ID) badges, IT privileges, and telephone communications. Until alternative arrangements are in place, transferred personnel will retain access to SCA facilities and systems and receive access to facilities and systems operated by ITS. This transitional period is intended to allow users to complete projects for their SCA and allow for a smooth transition to the new ITS/SCA service relationship.

Physical Security for Facilities.

All current ID cards (including access cards and key cards) will be honored until new cards can be obtained and issued.

ITS will work with the USDA Office of Operations in Washington and SCA elsewhere to obtain new or renewed ID cards for transferring personnel, new personnel, and contractors. The goal is to provide, within 90 days after Day One, picture ID cards to all ITS personnel which show that the wearer works for ITS. ITS will coordinate the badging process by developing a standardized process for entry and exit processing and by processing applications for IDs. Arrangements will be made, with the Office of Operations in Washington DC or with the lead partner agency (i.e., leaseholder) elsewhere, to provide necessary support for producing the ID cards.

ITS shall notify the appropriate contracting officer and shall work with that contracting officer to identify any contractors who need ITS badges and address any other special requirements, such as the need for an updated security clearance, prior to issuing new ID Cards for contractors. Contractor IDs shall be distinguishable from USDA employee ID cards.

Computer Network Access.

Access to workstations, voicemail, email, and dial-in will not immediately change. ITS personnel will retain access to the SCA computer networks, systems, and applications they had access to prior to convergence.

Application Access

SCA access to infrastructure systems or agency applications will not be terminated upon convergence. Agency security officers will continue to provide operational support to the ITS employees from that agency who require application access for a reasonable period after Day One to facilitate transition. During the transition period, ITS personnel will be granted new ITS access to ITS resources and retain their previous agency application privileges until such time the agency deems the support is no longer required.

Federal Information Technology Security Assessment Framework

ITS will collaborate with the SCA Information Systems Security Project Managers (ISSPMs) and develop strategies for addressing each of the seventeen areas of the Federal Information Technology Security Assessment Framework (NIST 800-26) and outstanding audit issues of the three agencies. The seventeen areas include: Risk Management; Review of Security Controls Life Cycle; Authorization Processing; (Certification and Accreditation); System Security Plan; Personnel Security; Physical and Environmental Protection; Production, Input/Output Controls; Contingency Planning; Hardware and System Software Maintenance; Data Integrity; Documentation; Security Awareness; Training and Education; Incident Response Capability; Identification and Authentication; Logical Access Controls; and Audit Trails.

Incident Response Capability

ITS will develop a strategy and procedures to provide security incident response handling for IT equipment.

Terms of Agreement II

Funding, Cost Analysis, Periodic Review, Service Level Agreements

A. Funding for ITS

This MOU defines how several specific IT infrastructure activities will be performed, and describes how those activities will be funded. Funding for ITS operations that are needed to establish and support the IT system infrastructure will be incorporated into ITS' annual cost estimates and funded through the ITS working capital fund as described below. During transition, some IT infrastructure requirements will be supported by SCA on behalf of ITS. The mechanisms for funding all of these activities are described in this section.

ITS Funding Strategy

As specified in the ITA, the ITS organization and its operations will be financed from the following three types of appropriations:

- A Common Computing Environment (CCE) USDA line item appropriation to be used for capital investment in IT equipment.
- An OCIO USDA line item appropriation to be used for program operations.
- Salary and expense funding from the agencies, with a funding estimate for FY2005 based on an annual agreement transferring SCA appropriated funds into an ITS working capital fund.
- Agency agreements to transfer agency appropriated funds for additional agency-specific operational IT activities and agency specific IT investments into an ITS working capital fund.

ITS Working Capital Fund

As described in the 1010 package, the SCA agree that the ITS Working Capital Fund will be comprised of funds transferred from the SCA to support salary and expense funding for ITS personnel, IT infrastructure support contracts, and other approved operational activities (including the contingency fund described below). ITS provided an estimated budget for the ITS Working Capital Fund for FY2005 as part of the 1010 Package. This budget was based on SCA estimates of the cost of maintaining the IT infrastructure, and it will be necessary to validate these estimates and revise the ITS budget periodically during the course of ITS's first year of operations.

At the end of each quarter, ITS shall examine the actual costs incurred for ITS operations, and shall develop a revised budget estimate for the balance of the year. ITS shall present this revised estimate and supporting documentation to the ITS Board of Directors, and shall work with the Board of Directors to validate and obtain approval for this revised budget estimate.

Each month, ITS shall divide the most current approved budget estimate for the remainder of the year by the number of months remaining in the year to determine the total funds to be transferred from SCA to the ITA Working Capital Fund for that month. Each SCA's share of that contribution shall be determined by the CCE Formula for allocating costs. For example, if six months remain in the year, and the ITS Working Capital Fund budget for the remainder of the year is \$6,000,000, the funds due to be transferred to ITA for the month would be one sixth of that amount, or \$1,000,000. This would be allocated among the SCA based on the current formula for the Common Computing Environment (CCE). In this example, based on the current CCE formula, NRCS would pay \$410,000 (41%), FSA would pay \$390,000 (39%), and RD would pay \$200,000 (20%) for that month.

Additions to the ITS Annual Cost Estimate

In addition to those funds specified in the ITA, the SCA agree that the Working Capital Fund shall include a Contingency Fund of \$1,000,000 for the first year of ITS operations to be funded by the SCA in accordance with the CCE formula. This Contingency Fund shall be used by ITS to support unforeseen or unpredictable expenses. These expenses may include personnel costs associated with retirement of personnel, system maintenance, or repair costs not accounted for in the ITA cost estimates or other expenses. ITS will provide a report to the SCA containing an itemized list of expenditures against this fund and providing an accounting of its balance no more than six months after Day One of ITS Operations. The SCA agree that the amount allocated to this fund will be increased if additional funds are needed to support ITS' unforeseen expenses.

Extraordinary Costs Incurred on Behalf of Specific Partner Agencies

Any costs greater than \$50,000 which are incurred by ITS, and which uniquely benefit one of the partner agencies or can be attributed directly to one of the partner agencies, shall be debited from that partner agency's reimbursable agreement. This will prevent these costs from being distributed across other partner agencies.

B. Costs Incurred by SCA

This agreement specifies activities that will be performed by SCA and services that will be provided by SCA on behalf of ITS during the terms of this MOU. These include, but are not limited to:

- Providing space for ITS staff and operations (addressed in TOA III)
- Moving and reconfiguring space used by ITS staff (addressed in TOA III)
- Providing vehicles for ITS use by ITS staff (addressed in TOA III)
- Managing cell phone contracts within NRCS and RD (addressed in TOA IV)
- Operational activities required to maintain miscellaneous equipment and provide continuity of operations (addressed in TOA IV)

The SCA shall incur expenses for each of these activities and services, including funds paid to third parties as well as costs for administration and other labor. The SCA and ITS shall jointly establish a common and consistent process for accounting for all expenses incurred by SCA on behalf of ITS. Each SCA shall track the costs they incur for activities and services to support information technology (IT) infrastructure activities on behalf of ITS, and they shall report these costs to ITS quarterly in the form of a *Report on IT Infrastructure Expenses Incurred*. This report will be used by ITS to reconcile and balance agency costs, as input to the quarterly updates of the ITS budget, and to support future cost estimation activities.

Quarterly Reconciliation of Agency-Incurred Costs

Each quarter during the first two fiscal years of ITS operations, and again at the end of each fiscal year, ITS shall conduct a reconciliation exercise to balance the costs incurred by the SCA. To conduct this reconciliation, ITS shall total the costs incurred by all SCA based on the *Report on IT Infrastructure Expenses Incurred* received from each SCA. ITS shall use the CCE formula to determine each SCA's fair share of these total costs. ITS shall then debit or credit each SCA as needed to reconcile these amounts and ensure that the costs actually incurred by each partner agency are equal to that partner agency's fair share of the total costs.

C. Periodic Review and Update of Cost Estimates

In order to maintain accurate accounts of the costs of operations and the income stream from services provided to SCA, ITS will take the lead on revisiting this agreement and reconciling the costs listed in this cost estimate document. ITS will reconcile actual costs to the annual cost estimate on a quarterly basis, and will provide a detailed estimate of FY2006 annual costs in time to be factored into each partner agency's planning process. If individual clauses in this agreement call for more frequent reconciliation of specific cost factors, then those clauses shall take precedence over this schedule. If needed, ITS may conduct reconciliations of the actual costs and revise the overall annual cost estimate (and thus each SCA's monthly share of those costs) more frequently than the dates specified in this agreement.

D. Future Service Level Agreements and Funding Levels

During the first year of ITS operations, ITS will strive to maintain levels of service equal to or greater than those provided by the SCA's currently embedded IT personnel. During the first year of operations, ITS will gradually implement efficiencies to improve the level of service, and will carefully track the actual costs of providing these services to the SCA.

Within two years after IT Convergence, it will be possible for ITS to establish Service Level Agreements (SLAs) that will set mutually agreed upon standards of performance and related performance metrics. These standards of performance and related performance metrics will measure the time, effort, and resources ITS uses to effectively provide SCA IT support services. Thereafter, charges to agencies shall be based on a fee

for service arrangement, including a standard product list and established prices for these products. The pricing of these products will be based on data gathered from ITS operations, and operations performed by SCA on behalf of ITS, during the term of this MOU.

Terms of Agreement III

Office space, Office Property and Supplies, Vehicles & Transportation, and IT Infrastructure Records

Under this agreement, the OCIO and the SCA intend to provide continuity of services such that transferring personnel, as well as those serviced by ITS, experience the minimum disruption of their work environment and daily operational activities.

A. Office Space

On Day One, ITS personnel will retain their current work space, associated privileges, and access to common areas, server rooms, special spaces, and warehouses. Until such time as OCIO contracts separately for space, the SCA shall remain the leaseholders of USDA, GSA, and commercial space.

As specified in the ITA, ITS intends to take over responsibility for planning and managing the space occupied by ITS personnel and will maintain the associated privileges and access. However, because ITS will lack the administrative infrastructure to manage its own space on Day One, SCA will continue to administer the space occupied by ITS personnel in accordance with the terms of this agreement.

Space Inventory and Analysis

The SCA shall collaborate with ITS to jointly conduct an inventory of the space currently occupied by ITS staff and space used to support ITS functions. This inventory shall result in a detailed list of all space currently used by ITS for offices, common areas, server rooms, special spaces, warehouse space, etc. The joint assessment will determine the total space used by ITS; where the space is; which SCA holds the lease; what kind of property it is (USDA, GSA, or commercial); and the cost of the space.

ITS and the SCA shall establish, and jointly maintain the inventory of the space used by ITS. This inventory shall be updated whenever ITS adds space, moves out of space, or relocates within existing space. Once established, this inventory will be used to:

- Provide data to assess the total cost of space used by ITS, which will be used in the calculating ITS's total costs of operation.
- Determine the net amount paid by each SCA for commercially leased ITS space and how much ITS will credit back to each of the partner agencies through the SCA reimbursable agreement.
- Provide the basis for long-term planning to assist ITS in estimating future expenses by developing plans for managing its own space.

Accounting for Office Space

Until such time as OCIO contracts separately for space, no funds will be transferred between the SCA and OCIO for space provided by USDA or GSA

SCA shall continue to pay lease costs to the leaseholder for commercial space on behalf of ITS. SCA shall report the costs of that space to ITS in accordance with accounting rules to be jointly developed by ITS and the SCA. ITS will balance the costs incurred by each SCA through a quarterly reconciliation process that will net out the debits from each SCA and the credits to each of the respective agency's reimbursable agreement.

- ITS will "credit" each partner agency's reimbursable agreement based on the net amount paid by that agency for commercial space during the quarter.
- ITS will "debit" funds from each agency's reimbursable agreement based on that agency's proportionate share of the total space costs incurred by ITS across all agencies. The amount debited from each agency reimbursable agreement will be based on the agreed to CCE formula.

Each partner agency shall be responsible for any reallocation of the funds that are credited back to it. For example, an agency may reallocate funds back to the states, or distribute those funds in some other way.

Planning for Changes to ITS Space

During the transition period, ITS does not plan to move personnel from their existing space except in exceptional cases. ITS personnel will only move to new space based on a cooperative agreement between ITS and the respective SCA. Any large-scale moves of ITS staff will require the approval of the ITS Board of Directors. However, it may occasionally become necessary for ITS to add additional space to accommodate new staff, to dispose of excess space when employees depart from ITS (e.g., due to retirement or transfer to another agency), or to move personnel among offices (e.g., to consolidate personnel in a common location or to accommodate SCA needs to rearrange space).

Obtaining New Space

When ITS needs new space, ITS shall determine the space needed and identify who the lead agency (i.e., leaseholder) is for that space. SCA shall provide ITS with a comprehensive contact list, which ITS may use to identify the appropriate contact (SAC, AO, or other) for each location. ITS will work with the state FAC (in field) or the lead SCA contact to obtain the needed space.

Disposing of Excess Space

When ITS has excess space at a location, ITS will work with the appropriate state FAC or lead SCA contact to dispose of or transfer the space in accordance with the lead SCA's policies for space disposition in that location. ITS will continue to be responsible for the excess space until the lease expires or a new tenant is identified.

Reconfiguring Office Spaces and Office Locations

When ITS needs to rearrange existing office space at a location, it will work with the appropriate local SCA to accomplish it within the guidelines of the lead SCA.

Changes to Space Initiated by SCA

If the lead SCA office is refurbished (e.g., new desks, cubes, etc), the first level supervisor for ITS personnel in that space shall be consulted to determine whether the ITS personnel in that space should be included. If a host SCA moves out of a space currently occupied by in whole or in part by ITS, the needs and logistics of ITS shall be addressed. If the host SCA solicits or obtains new space, ITS shall be included in the planning process.

The lead SCA at each site will initially finance and account for any moving and reconfiguration expenses. The amount expended by each of the SCA for changes to ITS office and other space (costs for moving, construction, administration, etc.) will be included in the total amount credited to or debited from the respective agency's reimbursable agreement when accounting for office space.

Telephone numbers.

Telephone numbers for transferring personnel and contractors will not immediately change (they will retain their telephone numbers for an interim period).

B. Office Property and Supplies

Where practical and to the maximum extent possible, all personal property associated with the personnel identified for transfer to ITS will convey to ITS on Day One. This property will include all the personal items necessary for the transferring personnel to continue conducting business with a minimum amount of disruption. Personnel who have been provided special accommodations will be allowed to keep those accommodations if practical and as necessary; any conflicts among special accommodations, such as situations where special accommodations are shared, will be negotiated between ITS and SCA on a case-by-case basis.

Some furnishings may not transfer, although ITS personnel will still continue to use them. For example, in the instance that office furniture and cubicle structures are included as part of building or office leases, they would be included as part of the space agreement with each agency.

Purchasing Arrangements

In the long-term, ITS intends to authorize selected administrative personnel to manage the purchase of office supplies, furnishings, and other related items. As of Day One, ITS will have purchase cards to cover purchases up to \$2500. However, during the first fiscal year of operations, transferred personnel will continue to obtain miscellaneous desktop office supplies from the host Service Center Agency. ITS will credit \$200 to the reimbursable agreement of each partner agency for each FTE transferred from that

agency to cover these costs for FY2005. This arrangement will be reviewed and may be revised for future years based on an analysis of actual costs incurred for office expenses.

If larger or more expensive office supplies are needed, such as replacement furniture for existing staff or supplies for new ITS employees, the ITS Administrative Officer (AO) will be authorized to request those items from the lead SCA (in accordance with guidelines to be established by ITS), and the SCA will assist in obtaining the items. In most cases, these purchases should be obligated directly against ITS funds. If any ITS-approved expenditures are made by the SCA on behalf of ITS, these expenditures should be tracked by the SCA, and they will be included in the total cost breakout credited back to the respective partner agency's reimbursable agreement.

C. Vehicles and Transportation

Continued Access to Vehicles on Day One

Since the locations serviced by the SCA are widely distributed across the country and are frequently too small to warrant full-time IT support staff, the IT infrastructure personnel will require the use of vehicles to reach these remote locations. Upon convergence, ITS will not have its own fleet of vehicles, nor will it have the administrative infrastructure to manage vehicles. To avoid service disruption, the SCA agree to provide vehicles for ITS use.

For a period of one year after convergence:

- ITS personnel who currently have access to assigned vehicles will continue to use those vehicles until alternative arrangements are made (such as changing from an SCA vehicle to a Government/GSA lease).
- SCA will agree to make vehicles available so that ITS personnel may obtain vehicles from any available partner agency's vehicle pool.
- SCA may need to lease additional vehicles to support ITS as needed (or if requested by ITS).
- If no vehicle is available to meet an ITS need, ITS personnel shall obtain access to a vehicle from other sources in accordance with ITS policies and Departmental guidelines.

SCA will track usage and expenses in accordance with guidelines to be developed jointly by the SCA and ITS. This information will be used to help establish patterns of use for ITS's long-term vehicle policy.

D. IT Infrastructure Records

DR3080 lists most of the USDA information technology infrastructure records and defines requirements for their management and disposition. ITS will establish its own records retention schedule (based on DR 3080 departmental guidelines).

In most cases, SCA shall remain custodians of records that have been developed within the SCA to support the IT infrastructure, and SCA will provide access to ITS as needed. To facilitate access to records which remain in the custody of SCA:

- ITS will provide the SCA with a list of the types of records for which they will need access.
- For every level where records are maintained, each SCA will establish points of contact for access by ITS to information technology infrastructure records.

Active records for which ITS needs ongoing access, such as files required for administration of an ongoing IT contract, will be transferred to ITS as necessary. All transfers of records shall be executed in accordance with Department guidelines.

Terms of Agreement IV

Equipment Inventory, Contracts and Continuity of Support for Miscellaneous Technology, Procurement, and Incidental Resources

As specified in the ITA, all IT equipment, IT services, and IT infrastructure related contracts shall transfer from the SCA to OCIO within ITS. After Day One, ITS will be responsible for all IT and telecommunications equipment and related operational and support contracts currently owned and administered by the SCA.

A. Equipment Inventory

In order to manage the IT infrastructure, ITS will need to maintain a current and accurate equipment inventory. Each of the SCA has provided ITS with a list of the equipment that is transferring to ITS, but these lists must be reconciled, and some equipment may have been inadvertently omitted. To support the process of updating and maintaining the equipment inventory:

- ITS will clearly define what inventory needs to be tracked and what information is needed for each component. This includes both owned and leased equipment.
- SCA will cooperate with ITS in conducting any needed physical inventory to support the process of validating and reconciling the inventory data that has been provided to ITS.
- SCA will provide information to update data and transfer inventory to ITS. ITS will provide guidelines to SCA on how to provide data (e.g., input to EATS).
- ITS will add items to inventory that are subsequently identified through the service support process.

B. Continuity of Service Contracts

In accordance with the ITA, the responsibility for all IT infrastructure support contracts transfers from the SCA to ITS. The authority and responsibility for establishing and managing all such contracts also transfers to ITS. All funds to support these contracts will also transfer to ITA, except those funds required to support the specific miscellaneous system components discussed below.

While the intention is for ITS to assume responsibility for maintenance of all IT infrastructure components when ITS is ready and capable to do so, ITS will not be able to effectively perform all of the required maintenance functions for all of the transferring infrastructure components on Day One. A period of transition will be required to allow ITS to reposition personnel into new roles and develop the required management and administrative infrastructure.

The SCA have established and maintained many active service contracts and there are many existing SCA service arrangements that must be completed. There are also many miscellaneous classes of equipment that are used by SCA and that ITS will not be prepared to assume support of on Day One. To provide continuity of service during the transition to full ITS implementation, ITS authorizes the SCA to continue to administer contracts on behalf of ITS and to provide such support as is needed to maintain the types of equipment listed below.

Miscellaneous Equipment To Be Managed by SCA
Copiers (network connected only)
Cell phones for NRCS and RD
Fax machines (network connected)
Plotting/mapping equipment
Teleconferencing equipment
High volume document production and mailing equipment
Digitizing/print center equipment
Postage meters (network connected)
Flexi-place technology
Telephones and lines
Call center equipment
Weather system technology
Monitoring and diagnostic equipment
Overhead displays
Engineering/survey equipment

Additional items may be added to this list by mutual agreement between ITS and SCA.

SCA will continue to maintain and administer any existing commercial service agreements for the items listed above, and will obtain needed services and support for miscellaneous equipment until arrangements have been made for ITS to assume management of these contracts. During the period that SCA continue to administer each of these contracts:

- Funds to support these contracts will not be transferred from SCA to ITS except when needed to reconcile infrastructure costs as described below.
- SCA will coordinate the receipt of services from Vendors, and will receive, process, and pay invoices for these serves.
- SCA will procure continuation and renewals of maintenance contracts for miscellaneous equipment in consultation with and with the concurrence of ITS.

Any new agreements should have a transferability clause, so that contracts can be transferred to ITS.

- SCA will also assure that any procured items of miscellaneous equipment are immediately captured in the inventory.
- SCA shall provide copies of all invoices paid clearly describing the services provided and the cost of these services. The supporting material provided to ITS shall clearly delineate which costs were incurred to support the specific needs of one partner agency and which costs were incurred to support the shared infrastructure. For example, costs for cell phones shall be broken out to indicate which payments supported a specific agency and which supported staff that have been transferred to ITS. The requirements for reporting these costs shall be defined by a committee including representatives of all SCA and ITS and shall be reviewed and approved by the ITS Board of Directors.
- ITS will review the shared infrastructure expenditures of the ITS quarterly, and shall conduct such reconciliation as is needed to determine each agency's share of those total costs. ITS will then credit or debit each partner agency's reimbursable agreement to ensure that each SCA has paid a share of those shared infrastructure costs in accordance with the CCE formula.

No later than September 2005 (FY2005), ITS and SCA will review and update this agreement, and ITS will assume additional responsibilities in accordance with their capabilities.

C. Support for FSA AS400 System Operations

FSA uses custom application software running on aging IBM AS-400 minicomputers and these systems are critical to FSA's continuing operations. The AS-400 computers are considered part of the IT infrastructure and will be transferred to ITS in accordance with the ITA. Most of the state-level personnel that perform day-to-day functions needed to maintain and operate the AS-400 at the state level are also transferring to ITS. The key elements of AS-400 support are:

- ITS will continue to support FSA's state-level AS-400 system operations by providing personnel to perform these day-to-day operations, which include Start-of-Day and End-of-Day system administration, performing backups, and installing software and patches. Because many of these functions must be performed locally and are not technically complex, and because the personnel trained to perform these functions may occasionally be unavailable, there will be cross training of selected FSA and ITS personnel in some states to provide contingency backup. There may be a gradual transition of these functions to FSA staff on a case-by-case basis.
- Personnel and FTE used to support FSA's county-level AS-400 system operations at the county level have not been transferred to ITS. ITS will not provide personnel or resources to support FSA's day-to-day county level operations. FSA will continue to staff and perform these operations in the same manner as these operations are performed today. FSA's county-level operations are a county-level process and FSA

will retain operational responsibility for day-to-day support. ITS will provide Service Desk Operations to address technical problems and system failures associated with the AS-400. Initially, FSA personnel will report any hardware or software problems associated with the AS-400 to ITS personnel in the same way they traditionally report these problems.

- The contacted ITS staff member will open a trouble ticket and process the problem through the ITS Service Desk. The Service Desk will determine whether the problem is related to the IT infrastructure or to the application software. The Service Desk will then assign the problem to an appropriate ITS or FSA staff member for resolution. System infrastructure issues will be addressed by ITS personnel. Application software issues will be addressed by FSA personnel. The ITS Service Desk will record and track all reported problems and solutions and will coordinate communications to ensure that the problems are addressed in the most effective and efficient manner.
- In many cases, the personnel transferring to ITS are the most knowledgeable about the AS400 applications and may be the most qualified persons to address and resolve application software issues. Accordingly, many application software issues may be assigned to ITS personnel during the transition period. ITS and FSA will work cooperatively to gradually transition these application software responsibilities to appropriate FSA personnel. ITS will track any work done to support AS-400 application software.

For small procurements (up to \$2500), ITS will have its own purchase cards. On a temporary basis, SCA will provide procurement services to ITS for medium purchases (\$2500-25,000) and NRCS will support ITS needs for large purchases (\$25,000+). The SCA reimbursable agreements will be credited for expenditures related to purchases made on behalf of ITS.

Terms of Agreement V

Period, Effective Date, Periodic Review & Amendment, and Termination of MOU

A. Period and Effective Date

This MOU shall be effective on Day One of ITS operations and shall remain in full force and effect for a period of two calendar years from that date. In cases where terms of agreement embodied in this MOU specify a shorter term, the shorter period shall prevail.

B. Periodic Review and Amendments

The MOU can be modified as needed in whole or in part by mutual agreement among all signers throughout its effective dates. Periodic reviews of the MOU will be conducted as deemed necessary by the SCA and ITS. ITS will take the lead on revisiting this agreement and reconciling the costs listed in its cost estimate document in accordance with specified schedules. If necessary, these reviews may occur sooner than the dates specified in this agreement.

No later than June 2005, ITS will initiate a formal meeting with the ITS Board of Directors and the SCA Deputy Administrators for Management (DAMS) to plan for FY2006 and to update the terms of this MOU.

C. Termination of this MOU

This MOU will terminate no later than November 30, 2006, unless extended by mutual agreement

It is mutually agreed that the parties hereto may enter into other agreements collectively (jointly) or individually (separately) in order to accomplish the purposes of this MOU.

Terms of Agreement VI

Provisions

A. Drug-Free Workplace Act of 1988 (Public Law 100-690, Title V, Subtitle D).

All activities under this agreement will be in compliance with the Drug-Free Workplace Act of 1988 (Public Law 100-690, Title V, and Subtitle D).

B. Labor Consideration

Any changes to working conditions (such as workspace, furniture, vehicle access, or travel systems) may incur a requirement to notify labor organizations. ITS and the SCA agree to cooperate with regard to these, and other issues, that may raise labor concerns.

C. Contractors

Any statement in these notes concerning USDA personnel also applies to contractors, except for personnel issues and other issues as specified.

Recommended Action:

Decision of the Farm Service Agency (FSA) Certifying Official
James R. Little, Administrator, FSA

Approve: _____

Disapprove: _____

Date: _____

Decision of the Natural Resources Conservation Service (NRCS) Certifying Official
Bruce I. Knight, Chief, NRCS

Approve: _____

Disapprove: _____

Date: _____

Decision of the Rural Development (RD) Certifying Official
Gilbert G. Gonzalez, Jr., Under Secretary, RD

Approve: _____

Disapprove: _____

Date: 9/29/04

Recommended Action

Decision of the Farm Service Agency (FSA) Certifying Official

James R. Little, Administrator, FSA

Approve: OK - James R. Little

Disapprove: _____

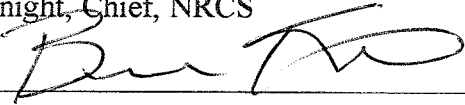
Date: 11-19-04

Recommended Action

Decision of the Natural Resources Conservation Service (NRCS) Certifying Official

Bruce I. Knight, Chief, NRCS

Approve: _____



Disapprove: _____

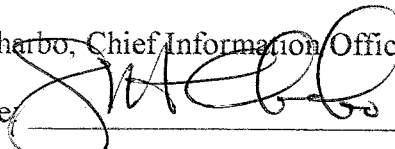
Date: _____

12/7/07

Recommended Action

Decision of the Office of the Chief Information Officer

Scott Charbo, Chief Information Officer, US Department of Agriculture

Approve:  _____

Disapprove: _____

Date: 12/6/04